

**TESTIMONY PRESENTED TO THE FINANCE, REVENUE AND BONDING
COMMITTEE
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Testimony Opposing House Bill No. 6575

AN ACT CONCERNING CERTAIN STATE GRANTS TO TOWNS

Senator Fonfara, Representative Widlitz and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer testimony on House Bill No. 6575, An Act Concerning Certain State Grants to Towns.

Section 1 of the bill would provide payment-in-lieu of taxes (PILOT) for the University of Connecticut Health Center, except for the portion of John Dempsey Hospital that provides medical care for prisoners in the custody of the Department of Correction, through the Private Colleges and Hospitals PILOT. Under current law, municipalities where public colleges are located receive payments under the State Owned PILOT program. As you know, SB 843 "AAC Revenue Items to Implement the Governor's Budget" and HB 6357 "AA Implementing the Budget Recommendations of the Governor Concerning Education," would eliminate the State Owned PILOT program beginning in FY 2014, with municipalities instead receiving the same amount as they did in FY 2013 through the Education Cost Sharing (ECS) grant. Because HB 6575 would allow Farmington to receive PILOT payments through both the ECS grant and the Private College and Hospital PILOT, I therefore respectfully oppose this section of the bill.

Section 2 of this bill would increase the state grant percentage for phosphorus removal projects under the Clean Water program. Currently these projects are eligible for a grant for 30% of the cost of the project. This legislation would increase the grant to 50% of the cost of the project, which would substantially increase the cost to and debt of the state. The state's Clean Water program is already one of the most generous state programs of its type. Grants are combined with highly subsidized loans at 2% interest for these projects. Funding for the Clean Water program has been substantially increased over the last two years to record levels. The Governor's proposed capital budget fully funds the Department of Energy and Environmental Protection's (DEEP) project list for the coming biennium -- \$285 Million for grants and \$712 Million for loans. Last year

legislation was passed that made these "nutrient removal" projects eligible for a 30% grant; they would have only received a 20% grant previously. The prior legislation also established a group of municipalities to work with DEEP to come up with a strategy for compliance with the Federal EPA phosphorous requirements. I would recommend deferring changes to the grant percentages until the working group has made its recommendations.

I would like to again thank the committee for the opportunity to present this testimony. I respectfully request the committee not support this bill.